

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 3166-03
Bill No.: SCS for SB 774 & 915
Subject: Housing: Fees, Recorder of Deeds
Type: Original
Date: April 12, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Mo. Housing Trust	\$2,458,333	\$2,950,000	\$2,950,000
Lifetime Home Trust	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$2,458,333	\$2,950,000	\$2,950,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$819,444	\$983,333	\$983,333

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of State Treasurer** assume no fiscal impact.

Officials of the **Department of Natural Resources** assume no fiscal impact.

Officials of the **Department of Economic Development - Housing Trust Commission** assume the Mo. Housing Development Commission would be able to administer the additional revenues coming into the Housing Trust Fund with existing staff. Officials estimate that they would require additional staff to administer the Lifetime Home Fund Program. Officials stated they would need (1) Housing Development Officer; and (1) Auditor Inspector who would be responsible for administration of the program and the Auditor Inspector would be responsible for ensuring the housing built meets the accessibility guidelines in the legislation. The costs for the Housing Development Officer would be prorated between the new \$1 fee, and the State's General Revenue Fund because the Commission is limited to using only 2% of the fees for administration.

Officials estimate the **costs to the Lifetime Home Fund Program** as follows: Officials estimate for 2 FTE, for 10 months of FY 05 at \$68,333, and at \$84,050 in FY 06 and \$86,151 in FY 07. Fringe Benefits would be \$28,290 in FY 05, \$34,797 in FY 06, and \$35,667 in FY 07.

ASSUMPTION (continued)

RWB:LR:OD (12/02)

Housing officials estimate equipment costs at \$11,844 in FY 05 and \$0 in FY 06 and 07. Expenses are estimated to be \$4,667 in FY 05, \$5,768 in FY 06, and \$5,942 in FY 07. The provisions of Section 215.264.2 state that the cost of administration of the Lifetime Home Program are to be paid from the Lifetime Home Fund. The annual cost cannot exceed 6% of the net annual revenues received by this fund.

Housing officials estimate **annual income to the Lifetime Home Fund at \$1,966,666** from the \$1.00 recording fee provided for in this proposal.

Housing officials estimate **income to the County Recorder's Fund**, from the additional fee al of \$0.50 per filing, would generate, statewide, an **estimated annual income of \$983,333**.

Housing officials estimate annual **income to the Mo. Housing Trust Fund from the \$4.50 per document filing fee at \$2,950,000**.

Officials of the **Department of Revenue** assume no fiscal impact.

Officials of the **Office of Administration - Division of Budget and Planning** stated that the fee increases would have an estimated effect on the following State Funds. Officials stated that according to the Department of Revenue \$5.96 million was collected pursuant to 59.330.2 RSMo in fiscal year 2003. **Officials assume that in future fiscal years the number of recordable instruments that generate these fees would be substantially the same as in fiscal year 2003.** In its first full year , (fiscal year 2006), this proposal will generate an additional \$2.98 million for the Missouri Housing Trust Fund, and an estimated \$1.99 million for the Lifetime Home Fund. Assuming this legislation goes into effect August 28, 2004, this will generate an estimated \$2.48 million for the Missouri Housing Trust Fund, and an estimated \$1.66 million for the Lifetime Home Fund in fiscal year 2005.

The **Greene County Recorder of Deeds** stated that the additional revenues generated would be an additional \$184,504.

The **Callaway County Recorder of Deeds** stated that their office recorded 14,000 documents in 2003. The increases in this proposal would generate an additional \$28,000 in recording revenue..

ASSUMPTION (continued)

RWB:LR:OD (12/02)

Officials of the **Office of Secretary of State** assume, based on experience with other divisions, the Mo. Housing Development Commission could require approximately 20 pages in the Code of State Regulations. For any given rule, roughly one-half again as many page are published in the Missouri Register as are published in the Code because of cost statements, fiscal note, and notices that are not published in the Code. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency, length of rules filed, amended, rescinded and withdrawn. Officials estimate cost to the General Revenue Fund in FY 05 at \$1,230 and Unknown in FY 06 and 07.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
MISSOURI HOUSING TRUST FUND			
<u>Income</u> - to Mo. Housing Trust Fund from recording fee increase	<u>\$2,458,333</u>	<u>\$2,950,000</u>	<u>\$2,950,000</u>
ESTIMATED NET EFFECT TO MO. HOUSING TRUST FUND	<u>\$2,458,333</u>	<u>\$2,950,000</u>	<u>\$2,950,000</u>

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
LIFETIME HOME FUND			
<u>Income</u> - to Lifetime Home Fund from \$1 recording fee.	\$1,638,888	\$1,966,666	\$1,966,666
<u>Costs</u> - to Lifetime Home Fund			
Personal Service (0.71) FTE	(\$68,333)	(\$84,050)	(\$86,151)
Fringe Benefits	(\$28,290)	(\$34,797)	(\$35,667)
Equipment	(\$11,844)	\$0	\$0
Expense	(\$4,667)	(\$5,768)	(\$5,942)
Home Grant (up to \$5,000) *	<u>(\$1,525,754)</u>	<u>(\$1,842,051)</u>	<u>(\$1,838,906)</u>
<u>Total Costs</u>	(\$1,638,888)	(\$1,966,666)	(\$1,966,666)
ESTIMATED NET EFFECT TO LIFETIME HOME FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

* Grant payments made from this fund would not begin until on or after January 1, 2005.

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
RECORDER'S FUND			
<u>Income</u> - to Recorder's Fund from \$0.50 filing fee	<u>\$819,444</u>	<u>\$983,333</u>	<u>\$983,333</u>
ESTIMATED NET EFFECT TO LOCAL GOVERNMENT	<u>\$819,444</u>	<u>\$983,333</u>	<u>\$983,333</u>

FISCAL IMPACT - Small Business

Small businesses that would record real estate transactions with the County Recorders would be impacted to the extent that they would be expected to pay additional recording fees.

DESCRIPTION

RWB:LR:OD (12/02)

This act raises the recording fee on certain real estate instruments from \$3 to \$6. From this additional \$3 fee, \$1.50 will be placed in the Missouri Housing Trust Fund (for a total of \$4.50) and the remaining 50 cents shall be deposited in the recorder's fund. One dollar of the fee increase will be credited to the lifetime home grant program which is established by this act. This fund shall be administered by the Missouri Housing Development Commission. Beginning January 1, 2005, individuals who build a universally designed lifetime home may apply for a payment from the fund in the amount of \$5,000. This act also allows an individual to qualify for a lifetime home grant, up to \$5,000, by renovating a qualified existing residence.

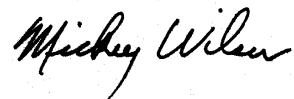
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Treasurer
Office of Administration - Budget and Planning
Department of Economic Development - Housing Commission
Department of Revenue
Department of Natural Resources
Greene County Recorder of Deeds
Callaway County Recorder of Deeds

NOT RESPONDING

Boone County Recorder
St. Charles County Recorder
Marion County Recorder
St. Louis County Recorder



Mickey Wilson, CPA
Director
April 12, 2004